

McQueen*Kalligan*
Insurance Services, Inc.

McQueen Kalligan Insurance Services
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Policy Review

Protecting your Future ... Estate | Retirement | Business

Why do you need to review your insurance needs?

Life evolves and insurance has to keep up.

Life Insurance has Dramatically Changed: Over the past several years significant changes have been made in the insurance industry and clients with older policies should have a review to ensure they are getting the most value for their policies. Older policies may not be utilizing the latest cost of insurance factors, medical advances and technical enhancements now available.

Many Policies may not have Lifetime Guarantees: Their viability may be based not only on outdated costs, but also on outdated crediting rates. Products today can guarantee the death benefit, assuming that premium payments have been made on schedule. The guarantee is independent of an interest rate assumption on market performance.

Changes in Life Circumstances, Ownership and Beneficiary: Designations should regularly be reviewed as having the wrong ownership and/or beneficiary arrangements may cost clients more than half of their existing insurance benefits. Also health circumstances may have changed, including more favorably for the client (i.e., moving from smoker to non-smoker). New advances in healthcare have made it easier for people to qualify for a better risk class today.

Trustees: Have an obligation to review the policies they hold in trust, especially since the Prudent Investor Rule replaced the Prudent Person Rule. Many feel that they do not have the expertise to review life insurance policies. Trustees are required to have guidelines and procedures in place to handle Trust Owned Life Insurance; however, recent surveys indicate that upwards of 90 percent are not yet using them.

What is in a policy review?

- A policy summary.
- A review of the structure, ownership, beneficiaries and payment methods.
- An assessment of the underwriting class.
- An assessment of the contract's current performance including future projections.
- An evaluation of the financial stability of the insurance company.
- Any possible alternatives to the existing policy.

The case for urgency

Jeff, a New York producer, conducted policy analysis for David, a friend and client who was a very successful cardiac surgeon in Manhattan.

David, 34, earned more than \$500,000 a year, had a wife and two children, and carried significant debt, primarily from student and business loans. Jeff weighed all of these factors and determined his friend needed \$6 million in coverage. He wrote up a 20-year term life insurance contract with a premium of \$7,600 a year.

Two years later, David was struck by a car and killed while crossing the street. Soon after his funeral, the producer delivered a check for \$6 million to David's family. All of David's debts were paid off, and his family's needs were met for the foreseeable future - all because he had an agent and friend looking out for him. But it shouldn't take a family friend to ensure clients are covered with adequate life insurance. Your trusted financial professional can ensure that your family is adequately covered.

	SAMPLE	YOUR INFO
Monthly Income Needed Enter the estimated amount your family would require every month to maintain their current standard of living if you were to die unexpectedly	\$10,000.00	
Combined Federal and State Tax Rate Enter your combined Federal and State Tax rate expressed as a decimal (e.g., 40% = .40)	0.40	
Monthly capital needed [<i>monthly income / (1 - tax rate)</i>]	\$16,666.67	
Annual capital needed (<i>monthly capital needed x 12</i>)	\$200,000.00	
Rate of Investment Return Enter estimated rate return when invested expressed as a decimal (e.g., 8% = 0.08)	0.08	
Capital needed to provide annual income (capital needed annually / rate of investment return)	\$2,500,000.00	
Other Expenses Enter combined total of all your other debts and future expenses (e.g., car loan, student loan, credit cards, child's college tuition or wedding)	\$50,000.00	
Capital needed to provide annual income + other expenses	\$2,550,000.00	
How much capital do you have?	\$500,000.00	
Life Insurance Coverage Estimate	\$2,050,000.00	

* The results generated by this formula are hypothetical and will vary, due to user input and various assumptions. AimcoR Group and its members do not guarantee the accuracy of the calculations, results, or explanation, nor their applicability to specific situations. This is a guide only.

Life Review Fact Finder

When life changes, it's important to review your life insurance needs. Please provide the information on this fact finder form to help your financial professional ensure that your policies are up to date with your current goals. If you prefer, your financial professional can help you gather policy information directly from your insurance carriers.

RECENT LIFESTYLE AND FAMILY CHANGES

- Are you recently married, divorced or widowed? _____
- Any changes in income including salary or inheritance? _____
- Do you need to fund retirement or college education? _____
- Did you purchase or sell a home? _____
- Did you start or sell a business? _____
- Have any children been added or left from the household? _____
- Are you caring for a special needs child? _____
- Are you the caretaker of a parent or relative? _____

Although individuals may regularly review financial goals and investments, they often neglect to update their life insurance coverage to meet changing goals or life situations. To determine if your current life insurance coverage meets both your present and long term planning needs in the most cost efficient manner, it is first helpful to identify your priorities and purpose of current in-force coverage.

Conducting a policy review is a great way to determine if current coverage is adequate, performing up to expectations, and remain in line with your overall financial plan. Please check the appropriate boxes that reflect the purpose and goal of current in-force life insurance coverage.

NAME _____

AGE _____ MARITAL STATUS _____

NUMBER OF CHILDREN (IF ANY) _____

LIFE INSURANCE POLICY INFORMATION

Do you currently own any life insurance policies? _____

If yes, when were they purchased? _____

Have your policies been reviewed in the past 2 years? _____

Why was this coverage purchased? _____

Has your health changed since the purchase? _____

Were you a smoker? _____

If yes, have you recently stopped? _____

What other advisors (i.e., attorneys, CPAs, etc.) do you work with? (Name/phone?) _____

LIFE INSURANCE POLICY INFORMATION

Family Protection: Provides the most guaranteed death benefit with the least total premiums _____
Details _____

Business Insurance: Fund buy-sell agreements, key man insurance and deferred compensation _____
Details _____

Retirement Planning / Supplemental Income: Provides additional income at some point in the future _____
Details _____

Estate Planning: Provides estate tax liquidity and helps preserve wealth for future generations _____
Details _____

Other: Needs that do not fit any other category _____
Details _____

Does your life insurance coverage meet your goals?

POLICY 1

Insurance company _____

Policy face amount _____

Policy type:

10-year term 15-year term 20-year term
30-year term Whole Life Universal Life
Variable UL Other: _____

Annual premium amount _____

Policy owner _____

Insured name _____

Beneficiary name _____

Purpose of insurance _____

Date of policy issue _____

Policy cash value _____

Interest rate _____

Surrender penalty period _____

Relationship to you Self Spouse Other

Relationship to you Self Spouse Other

POLICY 2

Insurance company _____

Policy face amount _____

Policy type:

10-year term 15-year term 20-year term
30-year term Whole Life Universal Life
Variable UL Other: _____

Annual premium amount _____

Policy owner _____

Insured name _____

Beneficiary name _____

Purpose of insurance _____

Date of policy issue _____

Policy cash value _____

Interest rate _____

Surrender penalty period _____

Relationship to you Self Spouse Other

Relationship to you Self Spouse Other

POLICY 3

Insurance company _____

Policy face amount _____

Policy type:

10-year term 15-year term 20-year term
30-year term Whole Life Universal Life
Variable UL Other: _____

Annual premium amount _____

Policy owner _____

Insured name _____

Beneficiary name _____

Purpose of insurance _____

Date of policy issue _____

Policy cash value _____

Interest rate _____

Surrender penalty period _____

Relationship to you Self Spouse Other

Relationship to you Self Spouse Other

IN-FORCE AUTHORIZATION

Carrier's Name & Address: _____

For Insured (Print Name): _____

Policy Number 1: _____ Product: _____

Policy Number 2: _____ Product: _____

Policy Number 3: _____ Product: _____

To whom it may concern:

I hereby authorize you to release any information on the above captioned policy with your company to _____ . This includes, but is not exclusive to, any cash value information as well as in-force ledgers. A photocopy of this authorization shall be as valid as the original.

Thank you for your attention to this request.

Sincerely,

Owner's Signature: _____

Today's Date: _____

Owner's Name (Print): _____

Owner's SS#: _____

(Include capacity i.e., Trustee, Corporate Office, Power of Attorney.)

Agent's Name: _____

TYPE OF INFORCE ILLUSTRATION(S) REQUESTED

- Full Pay - pay premium all years
- Limited Pay - scheduled premium payments stop when valued adequate to endow policy
- Solve for level premium to endow policy
- Solve for level premium to guarantee policy for life
- Additional Scenario _____

Please be sure to note the product type of each policy that is to be reviewed or provide a copy of the last annual statement along with the signed authorization.

FAX ALL INFORMATION TO (619)295-9939

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